



Dean K. Matsuura  
Manager  
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December 9, 2008

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PUBLIC UTILITIES  
COMMISSION

The Honorable Chairman and Members of the  
Hawaii Public Utilities Commission  
Kekuanaoa Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2008-0083  
HECO 2009 Test Year Rate Case  
Rate Case Updates – Set #6

Enclosed is the sixth set of updates to Hawaiian Electric Company, Inc.'s ("HECO") 2009 test year estimates reflected in the Application, Direct Testimonies, Exhibits, and Workpapers filed with the Commission on July 3, 2008. This set includes updates to the following:

- HECO T-11 – Patsy H. Nanbu
- HECO T-13 – Julie K. Price (revised Attachment 11)

Very truly yours,

Enclosure

cc: Division of Consumer Advocacy  
Michael L. Brosch, Utilitech, Inc.  
Joseph A. Herz, Sawvel & Associates, Inc.  
Dr. Kay Davoodi, Department of Defense  
Gayle B. Chestnut, Department of Defense  
Ralph Smith, Larkin & Associates

RATE CASE UPDATE

**Ref: Patsy Nanbu, HECO T-11, Administrative and General (A&G) Expenses,  
Unamortized Systems Development Costs, and General Accounting Department Staffing**

**A&G Expenses**

The Company's updated normalized estimate of total A&G expenses for the test year 2009 is \$78,523,000 in support of the Interim Increase and \$78,794,000 in support of the Campbell Industrial Park Generating Station and Transmission Project ("CIP1 Generating Unit") Step Increase. For reference purposes, the updated unadjusted estimate of total A&G expenses for the test year 2009 ("base case") is \$78,650,000 as shown on Attachment 1, page 1. The updates for Account Nos. 920, 921, 922 and 926020 are discussed below. The updates for Account Nos. 926000 and 926010 are discussed by Ms. Julie Price in Rate Case Update HECO T-13. The updates for Account Nos. 9302, 931 and 932 are discussed by Mr. Bruce Tamashiro in Rate Case Update HECO T-14. Attachment 2 provides a summary of the changes for each of the Account Nos. in the A&G Expenses.

1. **Account No. 920 - A&G Expense - Labor**

The updated Account No. 920 estimate is \$19,359,000, which is \$58,000 less than the amount reflected in HECO's direct testimony. The updated estimate reflects the labor costs adjustment to Account No. 920 as a result of the staffing changes as discussed by Ms. Faye Chiogioji in Rate Case Update HECO T-15. See Attachment 3 for a summary of the changes impacting Account No. 920. Note that Attachment 4 provides the calculation of the labor expense changes to all O&M expenses for the staffing changes identified in Rate Case Update HECO T-15.

a. **Sr. Executive VP Office (-\$294,000)**

Labor expense was reduced to reflect the deletion of the labor costs related to the Sr. Executive Vice President/Chief Operating Officer's ("SEVP/COO") office. As discussed in Rate Case Update HECO T-15, the two positions that made up this office have been eliminated from the employee count for the test year. Labor costs related to the Executive in the SEVP/COO office in Account No. 920 of \$238,000 and labor costs related to the Secretary for SEVP/COO office in Account No. 920 of \$56,000 have been deleted. (The non-labor costs for the office were also removed as discussed in the update to Account No. 921.)

b. **Lead Corporate Accountant (+\$63,000)**

Labor expense increased by \$63,000 to reflect the addition of a new Lead Corporate Accountant in the General Accounting Department. The additional staffing is required to address the increase in workload as a result of the new initiatives that are being committed to under the Hawaii Clean Energy Initiative ("HCEI") Agreement. With the HCEI Agreement, there has been, and there will continue to be a number of renewable energy power purchase agreement proposals that the Company will need to evaluate. The accounting implications for each proposed power purchase agreement must be evaluated. In addition, the requirements under generally accepted accounting principles ("GAAP") will necessitate on-going continuous review and assessment of the contracts, once executed. The HCEI Agreement also contemplates additional rate cases with changes in the ratemaking model, which may require changes in accounting for certain transactions, and increases the reconciliation process for the accounts impacted. In addition, the

Securities and Exchange Commission ("SEC") has voted to move U. S. Companies toward International Financial Reporting Standards ("IFRS"), which will have significant accounting and financial reporting implications for registrants of the SEC, such as HECO. Discussions by the SEC have indicated that IFRS will be required for companies such as HECO by 2014. HECO will need to gather information from 2012 under IFRS as three year comparative information will be required in 2014. In order to be in a position to gather information for 2012 transactions, HECO will need to begin reviewing all of its processes to identify accounting and reporting differences between US GAAP and IFRS that impact the company. The Lead Corporate Accountant will assist in gathering information to identify the differences between US GAAP and IFRS. This position is currently in recruitment. A copy of the job vacancy notice is provided as Attachment 3, pages 2-4.

c. **Sr. Financial Analyst (+\$52,000)**

Labor expense increased by \$52,000 to reflect the addition of a new Senior Financial Analyst in the Management Accounting/Financial Analysis Department to meet HECO's HCEI Agreement commitments as discussed in Rate Case Update HECO T-15.

d. **Industrial Relations Consultant (+\$76,000)**

Labor expense increased by \$76,000 for the addition of a new Industrial Relations Consultant that was hired in September 2008 as discussed in Rate Case Update HECO T-15.

e. **Corporate Planning Manager (+\$119,000)**

Labor expense increased by \$119,000 for the addition of a Corporate Planning Department Manager. The Corporate Planning Department was created in August 2008,

and the Manager position was filled at that time, as discussed in Rate Case Update HECO T-15.

f. **Sr. Rate Analyst (+\$76,000)**

Labor expense increased by \$76,000 for a new Senior Rate Analyst to address the additional work for the Pricing Division as a result of the HCEI Agreement as discussed in Rate Case Update HECO T-15 and in Rate Case Update HECO T-10.

g. **Energy Projects Engineers (+\$8,000)**

Labor expense increased by \$8,000 for the portion of the labor hours for two new Energy Projects Engineers that will be charged to Account No. 920. The addition of two new Energy Projects Engineers is discussed in Rate Case Update HECO T-15.

h. **Workforce Staffing Corporate Mentorship and Internship programs.  
(-\$134,000)**

Labor expense decreased by \$134,000 due to a three month delay in the implementation of the corporate mentorship program (-\$82,000) and internship program (-\$52,000), as discussed in Rate Case Update HECO T-15.

i. **HR Suite Project update (-\$24,000)**

As discussed in Rate Case Update HECO T-13, the estimate and timing for the HR Suite project has been updated. As a result, certain labor costs that were initially expected to be expensed to Account No. 920 will be charged to the project as a deferred cost. The test year estimate has been updated to reflect lower expenses in Account No. 920 and higher deferred project costs. The change in labor costs are shown on Attachment 4, pages 2-3. The difference between the update amount of \$24,000 (see Rate Case Update HECO T-13, Attachment 11) and direct testimony amount of \$47,000 (HECO-1316) for

Account No. 920 is \$23,000. This amount is different from the amount used in the update of \$24,000 due to rounding.

2. Account 921- A&G Expenses – Non Labor

The updated Account No. 921 estimate is \$15,445,000, which is \$243,000 more than the amount reflected in HECO's direct testimony. The updated estimate reflects five specific adjustments:

a.	Increase in consultant fees for IFRS	\$ 100,000
b.	Increase in consultant fees for Decoupling docket	\$ 80,000
c.	Increase in consultant fees for Feed-in Tariff docket	\$ 115,000
d.	Decrease for non-labor costs for SEVP/COO office	(\$ 63,000)
e.	Increase in HR Suite project costs	<u>\$ 11,000</u>
		<u>\$ 243,000</u>

Each of the adjustments is further discussed below:

a. Consultant fees for IFRS (+\$100,000)

The SEC has voted to move U. S. Companies toward IFRS, which will have significant accounting and financial reporting implications for registrants of the SEC, such as HECO. Discussions have indicated that IFRS will be required for companies such as HECO by 2014. HECO will need to gather information from 2012 under IFRS, as three year comparative information will be required in 2014. HECO will need to obtain consultants for the IFRS transition effort beginning in 2009 through the actual implementation to IFRS. Consulting costs will be required to identify and research the differences between US GAAP and IFRS, identify and assist in implementing systems and processes that will need to be

modified as a result of IFRS, provide training, and other assistance. HECO estimates incurring costs in 2009 of \$100,000 to begin the transition process to IFRS.

b. Consultant fees for Decoupling docket (+\$80,000)

As discussed in Rate Case Update HECO T-10, outside services for a pricing consultant is required for the Decoupling docket. The test year estimate has been updated to include \$80,000, which represents the consultant costs expected to be incurred in 2009 amortized over a two-year period.

c. Consultant fees for Feed-in Tariff docket (+\$115,000)

On October 24, 2008, the Commission initiated a Feed-in Tariff docket. HECO has retained KEMA, Inc. to research and assist in the design of the tariff and to develop the pricing methodology. KEMA, Inc. is the consultant for the California Energy Commission that prepared the California Feed-in Tariff Design and Policy Options Report. Under the HCEI Agreement, the parties request that by July 2009, the Commission adopt a set of feed-in tariffs and prices to implement the conclusions of the feed-in tariff investigation. HECO also anticipates non-labor costs for engineering consultants and legal services to support the proceeding. HECO estimates the total outside services cost to be \$230,000 (KEMA costs of \$123,000, outside engineering costs of \$67,000, and outside legal fees of \$40,000). HECO recognizes that these expenses are one-time expenses and proposes to amortize these costs over two years. The two-year amortization period is based on the initial two-year rate case cycle for HECO, under the proposal in the decoupling proceeding. The result of applying the two-year

amortization period to the total outside services cost for the Feed-in Tariff docket is to increase the test year estimate by \$115,000.

d. SEVP/COO Office non-labor expense (-\$63,000)

The test year estimate is reduced by \$63,000 to remove the non-labor costs for the SEVP/COO office. For the removal of the associated labor costs, see discussion in Account 920. See also Attachment 5 for the workpaper identifying the non-labor costs included in the budget for the SEVP/COO office.

e. HR Suite Project Update (+\$11,000)

As discussed in Rate Case Update HECO T-13, the estimate and timing for the HR Suite project has been updated. As a result, the project expenses impacting Account No. 921 increased by \$2,000 and the amortization of the deferred software development costs increased by \$9,000. (See Rate Case Update HECO T-13, Attachment 11. Compare with HECO-1316 for Account No. 921.) The test year estimate for Account No. 921 has been updated to reflect the higher expenses based on updated information related to the project.

3. Account 922 – A&G Expense Transferred

The updated A&G expense transferred estimate for the test year of (\$3,212,000) is a \$15,000 increase in the credit from the estimate included in direct testimony. The A&G expense transfer amount was adjusted to due to the increase in expenses in Account No. 921. See Attachment 6 for the updated calculation of the A&G expense transferred.

4. Account 926020 – Employee Benefits Transferred

The updated Employee Benefits Transferred estimate for the test year of (\$9,516,000) is a \$553,000 increase in the credit from the estimate included in direct testimony. The



increase reflects the changes in employee benefits expenses as discussed in Rate Case

Update HECO T-13 and the changes in labor charges as discussed in the various updates.

See Attachment 7 for the updated calculation of the Employee Benefits Transferred.

**Unamortized System Development Costs**

The estimated unamortized system development costs at the end of the test year has been updated to reflect an updated deferred project costs for the HR Suite project, and the resulting updated amortization expense for the year for the project. See Attachment 8. The update to the HR Suite project is discussed in Rate Case Update HECO T-13.

**General Accounting Department Staffing**

There are 27 employees in the General Accounting department as of November 30, 2008. The current General Accounting department staff reflects the additional Corporate Accountant described in direct testimony. The new Corporate Accountant was hired in October 2008. The updated staffing count projected for the 2009 test year for the General Accounting department is 28 employees as shown on Rate Case Update T-15, Updated HECO-1503. The updated projected staffing count reflects an increase of one person from the staffing reflected in direct testimony. As discussed above in the update for Account No. 920, HECO is planning to hire a new Lead Corporate Accountant in 2009 to address the additional workload. The position is currently in recruitment. HECO projects the position to be filled by April 2009.

HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE AND GENERAL EXPENSES  
(\$ Thousands)

	Updated Base Case	less CIP1 costs	Updated Interim Increase	CIP1 Full Cost	Updated CIP1 Gen Unit Step
<b>ADMINISTRATIVE</b>					
920 A&G Expense - Labor	19,359		19,359		19,359
921 A&G Expense - Non labor	15,445		15,445		15,445
922 A&G Expenses Transferred	(3,212)		(3,212)		(3,212)
Total Administrative	31,592	0	31,592	0	31,592
<b>OUTSIDE SERVICES</b>					
923010 Outside Services - Legal	131		131		131
923020 Outside Services - Other	2,535		2,535		2,535
Total Outside Services	2,666	0	2,666	0	2,666
<b>INSURANCE</b>					
924 Property Insurance	3,062		3,062		3,062
925 Injuries & Damages - Employees	7,192		7,192		7,192
Total Insurance	10,254	0	10,254	0	10,254
<b>EMPLOYEE BENEFITS</b>					
926000 Employee Pensions and Benefits	21,106	(127)	20,979	271	21,250
926010 Employee Benefits - Flex Credits	12,181		12,181		12,181
926020 Employee Benefits Transfer	(9,516)		(9,516)		(9,516)
Total Employee Benefits	23,771	(127)	23,644	271	23,915
<b>MISCELLANEOUS</b>					
928 Regulatory Commission Expenses	440		440		440
9301 Inst. or Goodwill Advertising Expense	36		36		36
9302 Miscellaneous General Expenses	4,304		4,304		4,304
931 Rents Expense - A&G	3,903		3,903		3,903
932 Admin and General Maintenance	1,685		1,685		1,685
Total Miscellaneous	10,368	0	10,368	0	10,368
<b>TOTAL ADMINISTRATIVE &amp; GENERAL EXPENSES</b>	<b>78,650</b>	<b>(127)</b>	<b>78,523</b>	<b>271</b>	<b>78,794</b>

Totals may not add due to rounding

Hawaiian Electric Company, Inc.  
Calculation of Employee Benefits Expense related to CIP1

Test Year 2009

	Test Year Estimate		Additional Amount for Full Year	Full Year Amount
<b><u>Employee Benefits</u></b>				
Production Operation O&M hours	7,431	a	7,751	15,182
Production Maint O&M hours	<u>4,816</u>	a	<u>6,127</u>	<u>10,943</u>
	12,247		13,878	26,125
Adjusted Employee Benefits Rate /Hour	10.37	b	10.37	10.37
	<u>          </u>		<u>          </u>	<u>          </u>
Related Employee Benefits	<u><b>127,001</b></u>		<u><b>143,915</b></u>	<u><b>270,916</b></u>

Note a: Per information from HECO T-7

Note b: Per Rate Case Update HECO T-11, Attachment 7 (rate updated based on updated benefits expenses)

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HAWAIIAN ELECTRIC COMPANY, INC.  
TEST YEAR 2009 (\$1000S)

	<u>BUDGET</u>	<u>BUD ADJ</u>	<u>NORM</u>	<u>DIRECT</u>	<u>ADJUST</u>	<u>UPDATE</u>
<b>ADMIN &amp; GENL O &amp; M EXPENSE</b>						
ADMINISTRATIVE						
920 ADMIN & GENL EXP - LABR						
LABOR	19,410	7		19,417	(58)	19,359
NON-LABOR	2,988	(2,988)		0		
TOTAL 920	22,398	(2,981)	0	19,417	(58)	19,359
921 ADMIN & GENL EXP - NLABR						
NON-LABOR	16,780	(1,578)		15,202	243	15,445
TOTAL 921	16,780	(1,578)	0	15,202	243	15,445
922 ADMIN EXPENSES TRANSFERRED						
NON-LABOR	(3,487)	290		(3,197)	(15)	(3,212)
TOTAL 922	(3,487)	290	0	(3,197)	(15)	(3,212)
TOTAL ADMINISTRATIVE	35,691	(4,269)	0	31,422	170	31,592
OUTSIDE SERVICES						
923010 OUTSIDE SERVICES - LEGAL						
NON-LABOR	131			131		131
TOTAL 923020	131	0	0	131		131
923020 OUTSIDE SERVICES - OTHER						
NON-LABOR	2,535			2,535		2,535
TOTAL 923020	2,535	0	0	2,535		2,535
923030 OUTSIDE SERVICES - ASSOC CO						
NON-LABOR	0			0		
TOTAL 923030	0	0	0	0		
TOTAL OS SVCS	2,666	0	0	2,666		2,666
TOTAL 920-923 EXPENSE	38,357	(4,269)	0	34,088	170	34,258

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HAWAIIAN ELECTRIC COMPANY, INC.  
TEST YEAR 2009 (\$1000S)

	<u>BUDGET</u>	<u>BUD ADJ</u>	<u>NORM</u>	<u>DIRECT</u>	<u>ADJUST</u>	<u>UPDATE</u>
<b>INSURANCE EXPENSE</b>						
INSURANCE						
924 PROPERTY INSURANCE						
LABOR	216			216		216
NON-LABOR	<u>2,926</u>	<u>(80)</u>		<u>2,846</u>		<u>2,846</u>
TOTAL 924	3,142	(80)	0	3,062		3,062
925 INJURIES & DAMAGES						
LABOR	1,450			1,450		1,450
NON-LABOR	<u>6,025</u>	<u>(283)</u>		<u>5,742</u>		<u>5,742</u>
TOTAL 925	7,475	(283)	0	7,192		7,192
TOTAL INSURANCE	<u>10,617</u>	<u>(363)</u>	0	<u>10,254</u>	0	<u>10,254</u>

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HAWAIIAN ELECTRIC COMPANY, INC.  
TEST YEAR 2009 (\$1000S)

	<u>BUDGET</u>	<u>BUD ADJ</u>	<u>NORM</u>	<u>DIRECT</u>	<u>ADJUST</u>	<u>UPDATE</u>
<b>EMPLOYEE BENEFITS EXPENSE</b>						
EMPLOYEE BENEFITS						
926000 EMPL PENSIONS AND BENEFITS						
LABOR	841			841		841
NON-LABOR	23,210	(2,854)		20,356	(91)	20,265
TOTAL 926000	24,051	(2,854)	0	21,197	(91)	21,106
926010 EMPL BENEFITS - FLEX CREDITS						
LABOR	211			211	(36)	175
NON-LABOR	10,999	(37)		10,962	1,044	12,006
TOTAL 926010	11,210	(37)	0	11,173	1,008	12,181
926020 EMPL BENEFITS TRANSFER						
NON-LABOR	(9,655)	692		(8,963)	(553)	(9,516)
TOTAL 926020	(9,655)	692	0	(8,963)	(553)	(9,516)
TOTAL EMP BEN	25,606	(2,199)	0	23,407	364	23,771

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HAWAIIAN ELECTRIC COMPANY, INC.  
TEST YEAR 2009 (\$1000S)

	<u>BUDGET</u>	<u>BUD ADJ</u>	<u>NORM</u>	<u>DIRECT</u>	<u>ADJUST</u>	<u>UPDATE</u>
<b>OTHER ADMINISTRATIVE &amp; GENERAL EXPENSE</b>						
OTHER ADMIN & GENL						
928 REGULATORY COMMISSION EXPENSES						
NON-LABOR	760		(320)	440		440
TOTAL 928	760	0	(320)	440		440
9301 INSTITUTN/GOODWILL ADVERT EXP						
LABOR	14			14		14
NON-LABOR	22			22		22
TOTAL 9301	36	0	0	36		36
9302 MISCELLANEOUS GENERAL EXPENSES						
LABOR	316	(101)		215		215
NON-LABOR	3,888	(246)		3,642	447	4,089
TOTAL 9302	4,204	(347)	0	3,857	447	4,305
931 RENTS EXPENSE						
NON-LABOR	3,026	36		3,062	841	3,903
TOTAL 932	3,026	36	0	3,062	841	3,903
932 ADMIN AND GENL MAINTENANCE						
LABOR	195	52		247		247
NON-LABOR	398	1,108	(188)	1,318	120	1,438
TOTAL 932	593	1,160	(188)	1,565	120	1,685
TOTAL OTHER A&G	8,619	849	(508)	8,960	1,408	10,368
TOTAL A&G	83,199	(5,982)	(508)	76,708	1,942	78,650
ADMIN & GENL - TOTAL						
LABOR	22,653	(42)	0	22,611	(94)	22,517
NON-LABOR	60,546	(5,940)	(508)	54,098	2,036	56,134
TOTAL	83,199	(5,982)	(508)	76,709	1,942	78,650

HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE AND GENERAL EXPENSES  
(\$ Thousands)

		(\$ Thousands)											Base Case Update
	Base Case Test Year					Adjustments						Update	Test Year
	2009	A	B	C	D	E	F	G	H	I	J	Adjustment	2009
ADMINISTRATIVE													
920 A&G Expense - Labor	19,417	(58)										(58)	19,359
921 A&G Expense - Non labor	15,202		100	80	115	(63)		11				243	15,445
922 A&G Expenses Transferred	(3,197)								(15)			(15)	(3,212)
Total Administrative	31,422	(58)	100	80	115	(63)	0	11	(15)	0	0	170	31,592
OUTSIDE SERVICES													
923010 Outside Services - Legal	131											0	131
923020 Outside Services - Other	2,535											0	2,535
Total Outside Services	2,666	0	0	0	0	0	0	0	0	0	0	0	2,666
INSURANCE													
924 Property Insurance	3,062											0	3,062
925 Injuries & Damages - Employees	7,192											0	7,192
Total Insurance	10,254	0	0	0	0	0	0	0	0	0	0	0	10,254
EMPLOYEE BENEFITS													
926000 Employee Pensions and Benefits	21,197						(91)					(91)	21,106
926010 Employee Benefits - Flex Credits	11,173						1,008					1,008	12,181
926020 Employee Benefits Transfer	(8,963)									(553)		(553)	(9,516)
Total Employee Benefits	23,407	0	0	0	0	0	917	0	0	(553)	0	364	23,771
MISCELLANEOUS													
928 Regulatory Commission Expenses	440											0	440
9301 Inst. or Goodwill Advertising Expense	36											0	36
9302 Miscellaneous General Expenses	3,857										447	447	4,304
931 Rents Expense - A&G	3,062										841	841	3,903
932 Admin and General Maintenance	1,565										120	120	1,685
Total Miscellaneous	8,960	0	0	0	0	0	0	0	0	0	1,408	1,408	10,368
TOTAL ADMINISTRATIVE & GENERAL EXPENSES	76,708	(58)	100	80	115	(63)	917	11	(15)	(553)	1,408	1,942	78,650

Totals may not add due to rounding

- A various labor adjustments - see Attachment 3, Rate Case Update HECO T-11
- B Consultant for International Financial Reporting Standards
- C Consultant for additional Pricing Consultants
- D Consultants for implementation of feed-in tariff
- E Reduce non-labor expenses related to Sr. Executive VP office - See Attachment 5, Rate Case Update HECO T-11
- F Changes to various employee benefits as discussed in Rate Case Update HECO T-13
- G Changes due to HR Suite project cost change (\$2k; amortization \$9k). See Rate Case Update HECO T-13
- H Adjustment to A&G transferred due to other changes - See Attachment 6, Rate Case Update HECO T-11
- I Adjustment to Employee Benefits transferred due to other changes - See Attachment 7, Rate Case Update HECO T-11
- J Changes to Miscellaneous A&G expenses as discussed in Rate Case Update HECO T-14



**Account No. 920 Update  
Changes in Labor Expense by Position  
2009 Test Year**

RA	Description	Amount	Reference to HECO T-11 Rate Case Update
P9W	Executive in Sr. EVP Office	(238,000)	a
P9W	Secretary in Sr. EVP Office	(56,000)	a
PAA	Lead Corporate Accountant	63,000	b
PKF	Sr. Financial Analyst	52,000	c
PPI	Industrial Relations Consultant	76,000	d
PLA	Corporate Planning Manager	119,000	e
PSP	Sr. Rate Analyst	76,000	f
PNG	Energy Projects - Engineer #1	4,000	g
PNG	Energy Projects - Engineer #2	4,000	g
PFI	Defer WFS Corp Mentorship Proj-E #1 - 3 (3 positions)	(82,000)	h
PFI	Defer WFS Internship Proj - FS #1 - 2 (2 positions)	(52,000)	h
var	HR Suite project labor change (from expense to deferred)	(24,000)	i
		<u>(58,000)</u>	

Note: Calculation of the amounts provided in Attachment 4, Rate Case Update HECO T-11.  
The amounts represent the labor costs impacting Account No. 920, based on the labor hours estimated to be charged to Account No. 920, the standard labor rates for the position, and the associated non-productive wages on-cost applied to the labor hours.

Rate Case Update HECO T-15, refers to the deletion of a Director of Strategic Initiatives in the President's Office, and the addition of a Director of Strategic Initiatives in the Corporate Planning Department. The deletion and addition of the positions net to zero impact to the labor costs in Account No. 920, and thus are not reflected above.



**Hawaiian Electric Company, Inc.**  
An Equal Opportunity/Affirmative Action Employer

**JVR #:**  
**Application Deadline: mm/dd/yy**

## **MERIT JOB VACANCY NOTICE**

**Position:** Lead Corporate Accountant  
**Role:** Teacher/Coach  
**Number of Vacancies:** One (1)  
**Department:** General Accounting  
**Division:** Corporate & Property Accounting  
**Primary Work Location:** King Street  
**Remarks:**

### **Primary Responsibilities:**

Leads special projects related to new accounting pronouncements, researches and evaluates accounting pronouncements, provides technical, financial and regulatory accounting advice to HECO, HELCO and MECO employees, and other customers and for special projects, and assists the Director of Corporate & Property Accounting in coordinating the daily activities of the Corporate Accounting staff. Insures timely financial closings, develops and maintains computer system tables, provides technical accounting advice to customers, and provides guidance to the Corporate Accounting staff.

### **Job Responsibilities:**

- Coordinates the timely financial closing process for HECO, its subsidiaries, and certain HEI affiliated companies, and the preparation of all required internal and external financial reports.
- Leads special projects related to new accounting pronouncements, researches and evaluates new accounting pronouncements or decision and orders issued by the regulatory body.
- Provides technical financial and regulatory accounting advice to HECO, HELCO and MECO employees, and other customers as appropriate; drafts testimony on behalf of the director and others for such things as rate case dockets.
- Provides guidance and assistance to the Corporate Accounting staff as necessary; provides input to the director with respect to performance evaluations.
- Develops, improves and maintains MIMS system tables to ensure the proper accounting of all transactions.
- Assists the Director with evaluating the effectiveness of internal accounting controls for existing or new systems and procedures, and recommends changes as necessary.

All positions open to external applicants will be listed on the  
Employment Hotline at 543-4611 and at <http://careers.heco.com>.

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Should you have any questions, please contact Workforce Staffing & Development at 543-4686 or 543-4620.

WINNER OF THE EDISON AWARD  
FOR DISTINGUISHED INDUSTRY LEADERSHIP





**Hawaiian Electric Company, Inc.**  
An Equal Opportunity/Affirmative Action Employer

**JVR #:**  
**Application Deadline: mm/dd/yy**

**Knowledge Requirements:**

- Thorough knowledge/understanding of:
  - Accounting standards (Generally Accepted Accounting Principles)
  - Regulatory accounting and ratemaking concepts.
  - Internal control concepts and procedures.
- Working knowledge/understanding of:
  - Personal computers and/or mainframe systems and related software applications such as spreadsheets and word processing.
  - Tax principles and theories generally acquired through college level accounting and tax courses, or experience in a corporate tax department or equivalent experience.
- Working knowledge of project management principles, normally acquired through PMI certification, college-level training and/or equivalent experience.

**Skills Requirements:**

- Excellent oral, listening, writing and presentation skills.
- Strong interpersonal skills to influence and persuade various groups or individuals.
- Ability to work with a variety of individuals, occasionally dealing with sensitive, difficult or confrontational issues.
- Demonstrated in-depth analytical, organizational and conceptual skills to handle various projects and programs.
- Ability to remain flexible in a demanding work environment and adapt to rapidly changing priorities.

**Experience Requirements:**

- Multiple years (5-7) of experience in such areas as:
  - The financial closing process.
  - The analysis and application of generally accepted accounting principles, preferably with respect to the electric utility industry.
  - The analysis and application of regulatory accounting and ratemaking practices and procedures.
  - The evaluation and application of accounting internal controls.
- Several (3-5) years of project management/process improvement experience that includes development, implementation, monitoring, evaluation and assessment.
- CPA, and accounting experience in consolidations preferable.
- Accounting experience in the electric utility industry is preferable.
- Previous supervisory preferable.

If there are no applicants with this experience, the company may consider applicants without such experience who meet the knowledge/skill requirements. If such an applicant is hired, he or she will initially be placed on a development plan commensurate with their education and experience level.

All positions open to external applicants will be listed on the  
Employment Hotline at 543-4611 and at <http://careers.heco.com>.

WINNER OF THE ELISON AWARD  
FOR DISTINGUISHED INDUSTRY LEADERSHIP



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**Hawaiian Electric Company, Inc.**  
An Equal Opportunity/Affirmative Action Employer

**JVR #:**  
**Application Deadline: mm/dd/yy**

**To Apply:**

Any employee who meets the minimum requirements should apply on-line at Café BEST by clicking on the link below:

[http://intranet/humanresources/lvns/lvn\\_eoi\\_apply.asp?id=](http://intranet/humanresources/lvns/lvn_eoi_apply.asp?id=)

(Should you have problems linking to the on-line application, please call 543-4686.)

**Submittal of an application for the position:**

1. *Authorizes HECO to share any and all information regarding previous or present employment, educational training or personal information from their records and from any other source with the hiring department or subsidiary company;*
2. *Releases and waives HECO from any and all liability for any damage which may be claimed as a result of furnishing such information to the hiring department or subsidiary company; and*
3. *Authorizes release and transfer of all personnel records to be maintained by the hiring company in the event of an inter-company transfer.*

**NOTE:** a) To the extent permitted by law, HECO may conduct a criminal conviction record inquiry for the past 10 years. b) HECO is an equal employment opportunity and affirmative action employer. We actively seek diversity among our employees. We do not discriminate on the basis of age, race, color, religion, gender/sex, national origin, ancestry, disability, marital status, arrest and court record, sexual orientation, veteran status, or other protected categories in accordance with state and federal laws. c) If you require accommodations during the application process, please contact Workforce Staffing & Development at 543-4686 or 543-4620.

All positions open to external applicants will be listed on the  
Employment Hotline at 543-4611 and at <http://careers.heco.com>.

**Do Not Remove from Bulletin Board Until Posting Expires. Post on Bulletin Board From: mm/dd/yy - mm/dd/yy**  
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WINNER OF THE EDISON AWARD  
FOR DISTINGUISHED INDUSTRY LEADERSHIP



Quantification of Staffing Changes

The Company has updated its Test Year Average and Test Year End of Year ("EOY") employee counts to reflect a more realistic staffing plan based on its most current information, as discussed in Rate Case Update HECO T-15. The labor costs for the staffing changes that impact O&M expense are summarized on Attachment 4, page 2, and further details are provided on Attachment 4, page 3.

To quantify the impact of the staffing changes to the test year expense estimate, estimates of labor hours to be charged to the various NARUC accounts/account blocks were obtained from the respective areas responsible for each of the staffing changes. Based on these labor hour estimates, the expense estimates were determined based on the standard labor rates for each particular position, and the non-productive wages on-cost rates were applied to the hours estimated to be charged.

For the estimated labor hours that would be charged to a clearing account, the estimated portion (a percentage) of that clearing account that would ultimately be included in an O&M expense account was determined. That percentage was applied to the estimated labor charges to the clearing account to determine the impact of such charges to O&M expense. The estimated labor charges were based on the estimated hours and the standard labor rate for the position, and the applicable non-productive wages on-cost.

The estimated labor hours that would be charged to a capital or deferred project or to a clearing account that would ultimately impact a capital account were not included on Attachment 4, pages 2 and 3.

RATE CASE UPDATE  
DOCKET NO. 2008-0083  
HECO T-11  
ATTACHMENT 4  
PAGE 2 OF 3

**Summary of Labor Changes to O&M**

Testimony Reference	Witness	To Account	RA	Labor Change Desc	Count	LbrClass	Change in Hours	Labor to O&M
HECO T-7	Dan Giovani	546	PYJ	Add 1 PSED Project Manager	1	PPPROJ	912	44,970.72
HECO T-7	Dan Giovani	546	PNG	Add 1 Energy Proj - Engineer #1	1	TC	840	33,348.00
HECO T-7	Dan Giovani	546	PXP	Add 1 Renewb Enrgy Planning - Director	1	FS-I	806	42,129.62
HECO T-7	Dan Giovani	546	PXP	Add 1 Renewb Enrgy Planning - Sr. Engineer	1	TCS-I	725	36,547.25
HECO T-7	Dan Giovani	546	PXP	Add 1 Renewb Enrgy Planning - Staff Engineer #1	1	PPENGR	982	38,160.52
HECO T-7	Dan Giovani	546	PXP	Add 1 Renewb Enrgy Planning - Staff Engineer #2	1	PPENGR	818	31,787.48
HECO T-7	Dan Giovani	557	PIU	Add 1 Renewb Enrgy PP - Director	1	FS-I	1,599	83,579.73
HECO T-7	Dan Giovani	557	PIU	Add 1 Renewb Enrgy PP - Contract Adm	1	TC-I	1,743	76,970.88
HECO T-7	Dan Giovani	PS O&M	PYJ	Add 1 PSED Project Manager (count in acct 546)	1	PPPROJ	912	38,782.75
					<b>8</b>		<b>9,337</b>	<b>426,276.95</b>
HECO T-8	Robert Young	588	PDP	Add 1 C&M - Sr. Const Mgr	1	TCS-ED	960	42,604.80
HECO T-8	Robert Young	T&D O&M	PDP	Add 1 C&M - Sr. Const Mgr (count in acct 588 above)	1	TCS-ED	1,056	25,180.71
HECO T-8	Robert Young	T&D O&M	PRA	Add 1 Asset Mgmt Grp Manager	1	E-ED	1,800	66,945.43
HECO T-8	Robert Young	T&D O&M	PRA	Add 1 Asset Mgmt Grp - Director #1	1	F-ED	1,800	56,355.25
HECO T-8	Robert Young	T&D O&M	PRA	Add 1 Asset Mgmt Grp - Director #2	1	F-ED	900	28,177.62
HECO T-8	Robert Young	T&D O&M	PRA	Add 1 Asset Mgmt Grp - Prj Mgr #1	1	PRJMGT	1,840	46,880.93
HECO T-8	Robert Young	T&D O&M	PRA	Add 1 Asset Mgmt Grp - Prj Mgr #2	1	PRJMGT	920	23,440.46
HECO T-8	Robert Young	T&D O&M	PDP	Add 1 C&M - Resource Planner	1	TC-ED	1,883	39,214.88
					<b>7</b>		<b>11,159</b>	<b>328,800.09</b>
HECO T-10	Alan Hee	909	P1W	Add 1 Director - Special Projects	1	FS	1,456	71,766.24
					<b>1</b>		<b>1,456</b>	<b>71,766.24</b>
HECO T-11	Patsy Nanbu	920	PAA	Add 1 General Acctg HCEI Accountant	1	TC	1,576	62,567.20
HECO T-11	Patsy Nanbu	920	PKF	Add 1 MAFS HCEI Sr. Financial Analyst	1	TC	1,320	52,404.00
HECO T-11	Patsy Nanbu	920	PPI	Add 1 Industrial Relations Consultant	1	TC	1,904	75,588.80
HECO T-11	Patsy Nanbu	920	PLA	Add 1 Corporate Planning Manager	1	E	1,824	118,760.64
HECO T-11	Patsy Nanbu	920	PLA	Add 1 Corporate Planning (+Colton)	1			
HECO T-11	Patsy Nanbu	920	P9P	Decrease 1 President Office (-Colton)	-1			
HECO T-11	Patsy Nanbu	920	PSP	Add 1 Cust Solutn - HCEI Sr. Rate Analyst	1	TC	1,904	75,588.80
HECO T-11	Patsy Nanbu	920	PNG	Add 1 Energy Proj - Engineer #1 (count in 546 above)	1	TC	112	4,446.40
HECO T-11	Patsy Nanbu	920	PNG	Add 1 Energy Proj - Engineer #2	1	TC	112	4,446.40
HECO T-11	Patsy Nanbu	920	PFI	Defer WFS Corp Mentorship Proj-E #1 - 3 (3 positions)	0	E	(1,260)	(82,038.60)
HECO T-11	Patsy Nanbu	920	PFI	Defer WFS Internship Proj - FS #1 - 2 (2 positions)	0	FS	(1,056)	(52,050.24)
HECO T-11	Patsy Nanbu	920	P9W	Decrease 1 Executive in Sr. EVP Office	-1	EXEC	(1,896)	(237,720.48)
HECO T-11	Patsy Nanbu	920	P9W	Decrease 1 Secretary in Sr. EVP Office	-1	I	(1,840)	(55,844.00)
HECO T-11	Patsy Nanbu	920	var	HR Suite labor change to deferred	0	various	(428)	(24,307.80)
					<b>4</b>		<b>2,272</b>	<b>(58,158.88)</b>
HECOT-13	Julie Price	920	var	HR Suite labor change to deferred	0	various	(975)	(36,238.25)
					<b>0</b>		<b>(975)</b>	<b>(36,238.25)</b>
					<b>20</b>		<b>23,249</b>	<b>732,446.15</b>

Detail of Changes to Labor expense due to staffing changes

Testimony Reference	Witness	Account	Group	% to O&M	RA	Labor Change Desc	Count	LbrClass	Change in Hours	Direct Labor	Corporate Admin	NPW	Employee Benefits	Payroll Taxes	Power Supply	Energy Delivery	Customer Installations	Direct Labor	Indirect Labor	Total O&M Labor	Indirect Nonlabor	Total Change
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PYJ	Add 1 PSED Project Manager	1	PPPROJ	912	40,410.72	3,620.64	4,560.00	8,876.96	3,350.05	9,293.28	-	-	40,410.72	4,560.00	44,970.72	26,140.93	71,111.65
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PNG	Add 1 Energy Proj - Engineer #1	1	TC	840	29,148.00	3,334.80	4,200.00	9,097.20	2,416.37	-	-	-	29,148.00	4,200.00	33,348.00	14,848.37	48,196.37
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PXP	Add 1 Renewb Enrgy Planning - Director	1	FS-I	806	38,099.62	3,199.82	4,030.00	8,728.98	3,158.46	8,213.14	-	-	38,099.62	4,030.00	42,129.62	23,300.40	65,430.02
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PXP	Add 1 Renewb Enrgy Planning - Sr. Engineer	1	TCS-I	725	32,922.25	2,878.25	3,625.00	7,851.75	2,729.25	7,387.75	-	-	32,922.25	3,625.00	36,547.25	20,847.00	57,394.25
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PXP	Add 1 Renewb Enrgy Planning - Staff Engineer #1	1	PPENGR	982	33,250.52	3,898.54	4,910.00	10,635.06	2,756.47	10,006.58	-	-	33,250.52	4,910.00	38,160.52	27,298.65	65,459.17
HECO T-7	Dan Giovani	546	G30 - O&M	100%	PXP	Add 1 Renewb Enrgy Planning - Staff Engineer #2	1	PPENGR	818	27,697.48	3,247.46	4,090.00	8,858.94	2,296.12	8,335.42	-	-	27,697.48	4,090.00	31,787.48	22,737.94	54,525.42
HECO T-7	Dan Giovani	557	G30 - O&M	100%	PIU	Add 1 Renewb Enrgy PP - Director	1	FS-I	1,599	75,584.73	6,348.03	7,995.00	17,317.17	6,265.97	16,293.81	-	-	75,584.73	7,995.00	83,579.73	46,224.98	129,804.71
HECO T-7	Dan Giovani	557	G30 - O&M	100%	PIU	Add 1 Renewb Enrgy PP - Contract Adm	1	TC-I	1,743	68,255.88	6,819.71	8,715.00	18,876.69	5,658.41	17,761.17	-	-	68,255.88	8,715.00	76,970.88	49,215.98	126,186.86
HECO T-7	Dan Giovani	184050	G80 - Ctrg	86.24%	PYJ	Add 1 PSED Project Manager (count in acct 546)	0	PPPROJ	912	34,850.20	3,122.44	3,932.54	8,517.89	2,889.08	8,014.52	-	-	34,850.20	3,932.54	38,782.75	22,543.94	61,326.69
							8		9,337	380,219.40	36,369.69	46,057.54	99,760.64	31,520.18	85,305.67	-	-	380,219.40	46,057.54	426,276.95	253,156.19	679,433.14
HECO T-8	Robert Young	588	G30 - O&M	100%	PDP	Add 1 C&M - Sr. Const Mgr	1	TCS-ED	960	37,804.80	3,811.20	4,800.00	10,396.80	3,134.02	-	36,518.40	-	37,804.80	4,800.00	42,604.80	53,860.42	96,465.22
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PDP	Add 1 C&M - Sr. Const Mgr (count in acct 588)	1	TCS-ED	1,056	22,343.77	2,252.53	2,836.94	6,144.82	1,852.30	-	21,583.47	-	22,343.77	2,836.94	25,180.71	31,833.12	57,013.83
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PRA	Add 1 Asset Mgmt Grp Manager	1	E-ED	1,800	62,109.73	3,839.55	4,835.70	10,474.13	5,148.90	-	36,790.01	-	62,109.73	4,835.70	66,945.43	56,252.58	123,198.01
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PRA	Add 1 Asset Mgmt Grp - Director #1	1	F-ED	1,800	51,519.55	3,839.55	4,835.70	10,474.13	4,270.97	-	36,790.01	-	51,519.55	4,835.70	56,355.25	55,374.65	111,729.90
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PRA	Add 1 Asset Mgmt Grp - Director #2	1	F-ED	900	25,759.77	1,919.77	2,417.85	5,237.06	2,135.49	-	18,395.00	-	25,759.77	2,417.85	28,177.62	27,687.32	55,864.95
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PRA	Add 1 Asset Mgmt Grp - Proj Mgr #1	1	PRJMG	1,840	41,937.77	3,924.87	4,943.16	10,706.88	3,476.54	-	37,607.56	-	41,937.77	4,943.16	46,880.93	55,715.96	102,596.89
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PRA	Add 1 Asset Mgmt Grp - Proj Mgr #2	1	PRJMG	920	20,968.88	1,962.43	2,471.58	5,353.44	1,738.32	-	18,803.78	-	20,968.88	2,471.58	23,440.46	27,857.98	51,298.44
HECO T-8	Robert Young	184060	G80 - Ctrg	53.73%	PDP	Add 1 C&M - Resource Planner	1	TC-ED	1,883	34,156.20	4,016.59	5,058.68	10,957.10	2,831.55	-	38,486.43	-	34,156.20	5,058.68	39,214.88	56,291.67	95,506.55
							7		11,159	298,600.48	25,566.49	32,199.61	69,744.36	24,588.19	-	244,974.66	-	298,600.48	32,199.61	328,800.09	364,873.70	693,673.79
HECO T-10	Alan Hee	909	G30 - O&M	100%	P1W	Add 1 Director - Special Projects	1	FS	1,456	64,486.24	5,780.32	7,280.00	15,768.48	5,345.91	-	-	-	64,486.24	7,280.00	71,766.24	26,894.71	98,660.95
							1		1,456	64,486.24	5,780.32	7,280.00	15,768.48	5,345.91	-	-	-	64,486.24	7,280.00	71,766.24	26,894.71	98,660.95
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PAA	Add 1 General Acctg HCEI Accountant	1	TC	1,576	54,687.20	6,256.72	7,880.00	17,068.08	4,533.57	-	-	-	54,687.20	7,880.00	62,567.20	27,858.37	90,425.57
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PKF	Add 1 MAFS HCEI Sr. Financial Analyst	1	TC	1,320	45,804.00	5,240.40	6,600.00	14,295.60	3,797.15	-	-	-	45,804.00	6,600.00	52,404.00	23,333.15	75,737.15
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PPI	Add 1 Industrial Relations Consultant	1	TC	1,904	66,068.80	7,558.88	9,520.00	20,620.32	5,477.10	-	-	-	66,068.80	9,520.00	75,588.80	33,856.30	109,445.10
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PLA	Add 1 Corporate Planning Manager	1	E	1,824	109,640.84	7,241.28	9,120.00	19,753.92	9,089.21	-	-	-	109,640.84	9,120.00	118,760.84	36,084.41	154,845.05
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PLA	Add 1 Corporate Planning (Cotton)	1															
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	P9P	Decrease 1 President Office (Cotton)	-1															
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PSP	Add 1 Cust Solutn - HCEI Sr. Rate Analyst	1	TC	1,904	66,068.80	7,558.88	9,520.00	20,620.32	5,477.10	-	-	-	66,068.80	9,520.00	75,588.80	33,856.30	109,445.10
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PNG	Add 1 Energy Proj - Engineer #1 (count in 546)	0	TC	112	3,886.40	444.64	560.00	1,212.96	322.18	-	-	-	3,886.40	560.00	4,446.40	1,979.78	6,426.18
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PNG	Add 1 Energy Proj - Engineer #2	1	TC	112	3,886.40	444.64	560.00	1,212.96	322.18	-	-	-	3,886.40	560.00	4,446.40	1,979.78	6,426.18
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PFI	Defer WFS Corp Mentorship Proj-E #1, #2, #3	0	E	(1,260)	(75,738.60)	(5,002.20)	(6,300.00)	(13,645.80)	(6,278.73)	-	-	-	(75,738.60)	(6,300.00)	(82,038.60)	(24,926.73)	(106,965.33)
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	PFI	Defer WFS Internship Proj - FS #1, #2	0	FS	(1,056)	(46,770.24)	(4,192.32)	(5,280.00)	(11,436.48)	(3,877.25)	-	-	-	(46,770.24)	(5,280.00)	(52,050.24)	(19,506.05)	(71,556.29)
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	P9W	Decrease 1 Executive in Sr. EYP Office	-1	EXEC	(1,896)	(228,240.48)	(7,527.12)	(9,480.00)	(20,533.68)	(18,921.14)	-	-	-	(228,240.48)	(9,480.00)	(237,720.48)	(48,981.94)	(284,702.42)
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	P9W	Decrease 1 Secretary in Sr. EYP Office	-1	I	(1,840)	(46,644.00)	(7,304.80)	(9,200.00)	(19,927.20)	(3,868.79)	-	-	-	(46,644.00)	(9,200.00)	(55,844.00)	(31,098.79)	(86,942.79)
HECO T-11	Patsy Nanbu	920	G30 - O&M	100%	var	HR Suite labor change to deferred	0	various	(428)	(22,145.20)	(1,115.80)	(2,162.60)	(4,742.59)	(1,838.25)	-	-	-	(22,145.20)	(2,162.60)	(24,307.80)	4,534.95	(19,772.85)
							4		2,272	(69,496.28)	21,834.80	11,337.40	24,498.41	(5,763.68)	-	-	-	(69,496.28)	11,337.40	(58,158.88)	40,569.53	(17,589.35)
HECO T-13	Julie Price	926	G30 - O&M	100%	var	HR Suite labor change to deferred	0	various	(975)	(31,234.09)	12,043.57	(5,004.16)	(11,172.76)	(2,500.47)	2,748.62	-	-	(31,234.09)	(5,004.16)	(36,238.25)	1,016.96	(35,221.29)
							0		(975)	(31,234.09)	12,043.57	(5,004.16)	(11,172.76)	(2,500.47)	2,748.62	-	-	(31,234.09)	(5,004.16)	(36,238.25)	1,016.96	(35,221.29)
							20		23,249	640,575.75	101,794.87	91,870.39	198,599.13	53,090.13	88,052.29	244,974.66	-	640,575.75	91,870.39	732,446.15	686,511.09	1,418,957.23

N2  
Block: A & G Operation  
Account: 921

HAWAIIAN ELECTRIC COMPANY, INC.  
RATE CASE DIRECT NON-LABOR REPORT

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BLOCK OF ACCOUNT  
ACCOUNT  
DEPARTMENT  
RA

ACTIVITY

LOCATION

EXPENSE ELEMENT

2009 Budget

301	Vehicles	585
501	Outside Svcs-General	28,220
502	Outside Svcs-Legal	15,000
516	Employee Memberships	25
520	Mainland Travel	15,400
521	Meals & Entertainment	8,025
522	Interisland Travel	6,970
<b>Total P9S</b>		<b>79,829</b>
<b>Total P9SD</b>		<b>79,829</b>
P9VD EVP - Pub Aff		
P9V EVP-Public Affairs		
700 Dev & Adm Business Plans		
PHE HECO		
205	Matt-Purchasing Card	3,600
501	Outside Svcs-General	663,024
521	Meals & Entertainment	12,000
522	Interisland Travel	150
753 Maint Rel-Community		
PHE HECO		
205	Matt-Purchasing Card	1,260
501	Outside Svcs-General	9,600
<b>Total P9V</b>		<b>689,634</b>
<b>Total P9VD</b>		<b>689,634</b>
P9WD Sr ExecVP		
P9W Sr Executive VP		
700 Dev & Adm Business Plans		
PHE HECO		
205	Matt-Purchasing Card	1,440
221	Automotive-Gas & Oil	3,600
462	IS Exp-PC Sftw Purch	3,979
501	Outside Svcs-General	26,930
516	Employee Memberships	150
520	Mainland Travel	21,195
521	Meals & Entertainment	5,160
522	Interisland Travel	1,020
<b>Total P9W</b>		<b>63,474</b>
<b>Total P9WD</b>		<b>63,474</b>



HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE EXPENSES TRANSFERRED  
ACCOUNT 922

2009  
(000)

**Cost Pool:**

Labor		\$ 1,881	
Transfer Rate per updated KPMG study	X	<u>40%</u>	\$ 752
NPW			121
Payroll Taxes			62
Emp Ben			261
Nonlabor-Acct. 921		\$ 17,933	
Transfer Rate per updated KPMG study	X	<u>6%</u>	\$ 1,076
Capital Budgets Labor			175
NPW			25
Payroll Taxes			15
Emp Ben			54
	A		<u>\$ 2,542</u>

**Cost Base:**

Capital Labor Hours		434	
Clearings to Capital		<u>209</u>	
	B		<u>643</u>
Corporate Admin rate per hour	C = A ÷ B		\$ 3.95
Total Productive hours	D X		<u>3,232</u>
Administrative Expenses Transferred - based on total productive hours	E = C X D		\$ 12,766
Reversal of Corporate Admin on-cost charged to O&M	F	+	(9,474)
Subtotal - Naruc 922	G = E + F		<u>3,292</u>

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HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE EXPENSES TRANSFERRED  
ACCOUNT 922

Naruc 922 per Rate Case Report D1	H		3,487
Naruc 922 (subtotal from page 1)	G	3,292	
Naruc 922 per Rate Case Report D1	H	<u>3,487</u>	
Correction to Naruc 922			(195)

Administrative Expenses Transfer Adjustments and  
Normalizations:

Budget adjustment HEI charges		(272)	
Performance Incentive Compensation		(16)	
Abandoned capital project adjustment		10	
Maintenance expense reclassification		(1,108)	
Service awards adjustment		(55)	
IRP normalization adjustment		(103)	
HR Suites Amortization reduction		<u>(34)</u>	
			(1,578)
Transfer Rate per updated KPMG study	X	<u>6%</u>	(95)

Administrative Expenses Transferred		<u>\$ 3,197</u>
-------------------------------------	--	-----------------

Administrative Expenses Transfer Update:

Decrease COO office expenses		(63)	
Add IFRS Consultant		100	
Add normalized Feed-in tariff consultant-		115	
HR Suites Amortization expense/amortization		11	
Add Consultant - decoupling/pricing		<u>80</u>	
			243
Transfer Rate per updated KPMG study	X	<u>6%</u>	15

Administrative Expenses Transferred		<u>\$ 3,212</u>
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	2009	Adjustments					Adjusted 2009	Update Adjustments <sup>1</sup>				Updated 2009 TY Estimate	
	(000)	Other*	Pension	DSM	SSF	Total	(000)	Insurance Premiums	HR Suites	Labor changes	Total	(000)	
<b>Cost Pool:</b>													
Labor to 926	\$ 920	2				2	\$ 922				0	\$ 922	
NPW	130					0	130				0	130	
Payroll Taxes	76					0	76				0	76	
Eng Del	0					0	0				0	0	
Corp Admin	103					0	103				0	103	
Stores	6					0	6				0	6	
Emp Ben	282					0	282				0	282	
Nonlabor	33,487	722	-2,891			-2,169	31,318	870	83		953	32,271	
A	<u>\$ 35,004</u>	<u>\$ 724</u>	<u>\$ (2,891)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,167)</u>	A1 <u>\$ 32,837</u>	<u>\$ 870</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 953</u>	A2 <u>\$ 33,790</u>	
<b>Cost Base:</b>													
Total Company Productive Hours	3,232			-9	-2	-11	3,221				38	38	3,259
B	<u>3,232</u>	<u>0</u>	<u>0</u>	<u>-9</u>	<u>-2</u>	<u>-11</u>	B1 <u>3,221</u>	<u>0</u>	<u>0</u>	<u>38</u>	<u>38</u>	B2 <u>3,259</u>	
Employee Benefits rate per hour	C = A + B \$ 10.83						C1 = A1 + B1 \$ 10.19					C2 = A2 + B2 \$ 10.37	
Total Company Productive Hours	D X <u>3,233</u>						D1 <u>3,221</u>					D2 <u>3,260</u>	
Employee Benefits transfer - based on total productive hours	E = C X D \$ 35,009						E1 = C1 X D1 \$ 32,826					E2 = C2 X D2 \$ 33,802	
Reversal of Employee Benefits on-cost charged to O&M	F + <u>-25,354</u>						F1 <u>-23,863</u>					F2 <u>-24,286</u>	
Employee Benefits transfer	G = E + F <u>\$ 9,655</u>						G1 = E1 + F1 <u>\$ 8,963</u>					G2 = E2 + F2 <u>\$ 9,516</u>	
		926020 Employee Benefits Transfer per Report D1					H1 9,655	926020 Employee Benefits Transfer per Report D1				H2 8,963	
		Adjustment to 926020 Employee Benefits Transfer					J1 = H1 - G1 \$ 692	Adjustment to 926020 Employee Benefits Transfer				J2 = H2 - G2 \$ (553)	

\* Difference between oncost calculation and budget.

RATE CASE UPDATE  
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 ATTACHMENT 7  
 PAGE 1 OF 1  
 HECO-11112  
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Hawaiian Electric Company, Inc.  
**Unamortized System Development Costs**  
(\$ Thousands)

	Outage Management System (OMS)	Customer Information System (CIS)	HR Suite	TOTAL
BALANCE - 12/31/07	4,300		0	4,300
Deferred Project cost	676		0	676
Amortization	(408)		0	(408)
ESTIMATED BALANCE - 12/31/08	4,568	0	0	4,568
Deferred Project cost	0	23,760	4,010	27,770
Amortization	(432)	(977)	(210)	(1,619)
ESTIMATED BALANCE - 12/31/09	4,137	22,783	3,800	30,719

AVERAGE 2009 BALANCE 17,644

NOTE: Totals may not add exactly due to rounding.

HR Suite Project  
2009 Test Year

Expense  
(\$ Thousands<sup>1</sup>)

<u>Account</u>	<u>Labor/On Cost</u>	<u>Non-Labor</u>	<u>Total</u>
Expense			
920	24	0	24
921	26	0	26
926	205	524	729
Total	255	524	779

1. The detail amounts are rounded which may cause differences in the totals.

<u>Amortization<sup>2</sup></u>			
921	0	210	210
Total	0	210	210

2. Based on estimated deferred costs of \$4,009,764 as of November 2008 amortized over 12 yrs.